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NEGOTIATED CONTRACT

Contract No. TM-512

Granger Associates
 966 Commercial Street
 Palo Alto, California

Contract for: See Schedule

Amount: See Schedule

Administrative Data:

This Contract is entered into by and between the United States of America, hereinafter called the Government, represented by the Contracting Officer executing this contract, and the above-named Contractor, which is a Corporation, incorporated in the State of California, hereinafter called the Contractor.

The parties hereto agree that the Contractor shall furnish all the supplies and perform all the services set forth in the attached Schedule issued hereunder, for the consideration stated therein.

The rights and obligations of the parties to this contract shall be subject to and governed by the attached Schedule, Appendix I, and General Provisions, which together with this signature page and the accompanying certificate comprise Contract No. TM-512. In the event of any inconsistency between the Schedule and the General Provisions, the Schedule shall control.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of APR 27 1960, 1960.

Signatures:

GRANGER ASSOCIATES

THE UNITED STATES OF AMERICA

BY BY TITLE PresidentTITLE Contracting Officer**SECRET**

SECRET

Contract No. TM-512

INDEX TO SCHEDULE

	<u>Page</u>
PART I SERVICES AND SUPPLIES TO BE FURNISHED BY THE CONTRACTOR.....	4
PART II PERFORMANCE OF SERVICES.....	4
PART III CONSIDERATION AND PAYMENTS.....	5
PART IV REPRICING.....	6
PART V PERIOD OF PERFORMANCE.....	7
PART VI SPECIAL SECURITY RESTRICTIONS.....	7
PART VII WAIVER OF REQUIREMENTS OF GENERAL PROVISIONS....	7
PART VIII DELIVERY.....	8

SECRET

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Contract No. TM-512

SCHEDULE

PART I - SERVICES AND SUPPLIES TO BE FURNISHED BY THE CONTRACTOR

The Contractor shall provide all necessary equipment, tools and material and shall furnish the services of all necessary qualified personnel required to efficiently and expeditiously operate and maintain a plant facility for performing modifications, repairs and overhauls of equipment of the type and kinds produced and delivered under a separate contract between the Contractor and the Government. The Contractor shall also provide liaison with other suppliers of related equipment and shall furnish in-plant engineering to analyze equipment to determine causes of all technical difficulties or malfunctions and shall furnish engineering data thereon such as service bulletins, modification data, and technical solutions to problems which will facilitate and support successful field operations.

The following is a listing of the kinds of items and services contemplated to be supplied hereunder:

Repairs, overhauls and modification of components and end articles, in-plant engineering and packaging and shipment of repaired items.

PART II - PERFORMANCE OF SERVICES

(a) The Contractor shall receive, inspect, test, repair, overhaul and return such items of equipment related to Contracts SE-509 and SE-510 as are returned to the Contractor for repair and overhaul. Such work shall be subject to the general direction, control and approval of the Contracting Officer or his authorized representative to whom the Contractor shall report and be responsible. The return of an item of equipment to the Contractor for repair and overhaul constitutes authorization for such work under the contract without further authorization or approval from the Contracting Officer. The Contractor will determine as early as possible after receipt of any repairable component, whether the estimated price for all services and materials to be furnished by the Contractor in the repair thereof, will exceed sixty-five percent (65%) of the selling price of that component. As soon as the Contractor has determined that any component falls in this category, a written report of this determination, with a cost breakdown, will be submitted to the Contracting Officer for instruction either to repair or dispose of said component.

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SECRET

Contract No. TM-512

(b) Inasmuch as each item returned will require varying amounts of work, the Contractor shall complete the work and return the items as expeditiously as possible. Supplies shall be deemed to be delivered and accepted upon shipment from Contractor's plant, but this shall not alter the Government's right to reject supplies after inspection at destination.

(c) The Contractor agrees to furnish sufficient personnel of the labor categories specified in Appendix I hereof, as well as supervisory and administrative personnel to assure successful prosecution of the work.

(d) All operations under the terms of this contract will be performed in an efficient and workmanlike manner and by qualified personnel of the Contractor's organization who are thoroughly familiar with the type of work being performed.

(e) Services required by the Government and performed by the Contractor's personnel of the labor categories specified in Appendix I will be considered Direct Labor under this Contract.

PART III - CONSIDERATION AND PAYMENTS

(a) For the purposes of this contract there has been allotted the following amounts.

<u>Period</u>	<u>Amount</u>	<u>Total</u>
1 February 1960 - 30 June 1960	<u>\$15,000.00</u>	<u>\$15,000.00</u>

Unexpended funds at the end of a period are not authorized for use in a subsequent period. Invoices submitted by the Contractor shall indicate (1) the period involved, (2) the total funds allotted for that period less total of all previously submitted invoices and thereby (3) showing the balance available for expenditure in that period. Under this amount set forth the amount of your claim for the current month reflecting the work orders or other work and services as authorized by the Contracting Officer or his authorized representative. The invoice submitted for the final claim for a period should have indicated thereon the words "Final Claim" and reflect the unexpended balance for the period. Services rendered should be billed against the period in which same were performed even though actual billing may be during the subsequent period.

(b) In accordance with the clause of this contract entitled "Payments" the Contractor shall be paid as follows:

(1) The Contractor shall charge labor on this contract consistent with accounting practices approved by Government Auditors for other Government work being performed by the Contractor. The

-5-
SECRET

SECRET

Contract No. TM-512

Contractor agrees that only direct labor of its personnel of the labor categories designated in Appendix I, engaged in the work called for by this contract will be included in its billings hereunder. The Contractor shall be paid for all receiving and inspection labor whether or not repairs and overhaul are accomplished and as provided in this contract.

(2) For materials and supplies furnished by the Contractor or subcontractors under this contract, the Contractor shall be reimbursed at actual cost and a General and Administrative Expense charge as specified in Appendix I. No amount representing profit shall be added to the cost or price of supplies or materials furnished under this contract.

(3) For outgoing transportation charges at actual cost thereof.

(c) It is hereby agreed that the "Contract Hourly Rates", as specified in Appendix I are based on straight time wages of Contractor's employees directly engaged in the performance of work under this contract and includes all applicable overhead, General and Administrative Expense and Profit. No overtime work or double time work is contemplated under this contract. In the event overtime work is mutually agreed to be necessary for the performance of the work and is specifically authorized by the Contracting Officer or his authorized representative, it is understood and agreed that the premium portion of any such overtime pay shall be charged to overhead in accordance with the Contractor's established accounting practice. If there is a change in such established accounting practice, the parties shall negotiate an equitable revision of this paragraph.

PART IV - REPRICING

(a) In view of the fact that the Contractor's overhead and General and Administrative Expense rates are revised from time to time based on cost studies performed, the "Contract Hourly Rates" set forth in Appendix I are also subject to revision, as follows:

The "Contract Hourly Rates" set forth in Appendix I are the fixed rates for the period 1 February 1960 through 30 June 1960. The rates for the period 1 July 1960 through 31 December 1960 shall be negotiated by the parties hereto within 60 days after start of said period. Such negotiation shall be evidenced by an amendment to this contract. For purpose of billing only, until such fixed rates are established by an amendment to this contract, the rates set forth in Appendix I shall apply provisionally.

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Contract No. TM-512

(b) Any failure on the part of the parties hereto to agree to any such revision shall be considered a dispute concerning a question of fact within the meaning of the article of this contract entitled "Disputes". Pending settlement of such dispute, the Contractor shall diligently proceed with the performance of the subject work hereunder.

PART V - PERIOD OF PERFORMANCE

(a) The contract shall be effective for the period 1 February 1960 through 30 June 1960.

(b) The Government is granted the right and option of renewing or extending this contract for any additional periods of time but not to exceed 30 June 1962. This option to extend will be evidenced by an amendment to this contract.

PART VI - SPECIAL SECURITY RESTRICTIONS

The Contractor shall not reveal (i) the specific nature or any details of the work being performed hereunder or (ii) any information whatsoever with respect to the department of the Government sponsoring this contract and the work thereunder except as the Contractor is directed or permitted to reveal such information by the Contracting Officer or by his duly authorized representative for security matters, and notwithstanding any clause or section of this contract to the contrary, the Contractor shall not interpret any clause or section of this contract as requiring or permitting divulgence of such information to any person, public or private, or to any officer or department of the Government without the express consent of the Contracting Officer or his duly authorized representative for security matters.

PART VII - WAIVER OF REQUIREMENTS OF GENERAL PROVISIONS

Notwithstanding the requirements of any of the General Provisions of this contract to the contrary, whenever the Contractor, in performance of the work under this contract, shall find that the requirements of any of the clauses of the General Provisions are in conflict with security instructions issued to the Contractor by the Contracting Officer or by his duly authorized representative for security matters, the Contractor shall call the attention of the Contracting Officer to such conflict and the Contracting Officer or his duly authorized representative for security matters shall (i) modify or rescind such security requirements or (ii) the Contracting Officer shall issue to the Contractor a waiver of compliance with the requirements of the General Provisions conflicting with such security requirements. Any waiver of compliance with the General Provisions of this contract issued by the Contracting Officer shall be in writing, except that the approval by the Contracting Officer of any subcontract issued hereunder by the Contractor shall be deemed to constitute approval of waiver of any clauses of the General Provisions in conflict with the stipulations of such subcontract.

-7-
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Contract No. TM-512

PART VIII - DELIVERY

(a) Repair of all repairable components shall be accomplished within sixty (60) days after receipt by the Contractor of these repairable components and the necessary parts required for their repair. All repairable items will be delivered f.o.b. Palo Alto, California. All shipments will be made to the Project Depot, transportation costs prepaid by Contractor. Preservation, packaging, packing and marking of repaired components shall be in accordance with good domestic commercial practice.

(b) All components being returned to the Contractor will be shipped to the following:

Granger Associates
966 Commercial Street
Palo Alto, California

Components shipped to the above shall reference this contract number on packing lists.

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Contract No. TM-512

APPENDIX I

Contract Hourly Rates

For the Period

1 February 1960 through 30 June 1960

<u>Category</u>	<u>Rate</u>
Supervisory Engineer I	\$21.84
Supervisory Engineer II	17.71
Project Engineer	14.85
Senior Engineer	11.62
Engineer	9.56
Junior Engineer	7.34
Production Engineer	12.99
Electronic Technician I	6.96
Electronic Technician II	6.14
Mechanical Technician I	6.96
Mechanical Technician II	5.81
Welder-Machinist	8.03
Draftsman	6.85
Designer	9.09
Senior Designer	10.93
Assembler	5.27
Secretary	5.19
G & A Expense	16%

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